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SUBJECT: UKRAINE: OUR UKRAINE HAMPERED BY DISORGANIZATION AND INFIGHTING

REF: A. KIEV 3919
1B. KYIV 4133
1C. KIEV 3570

Classified By: Ambassador for reasons 1.4(a,b,d).

11. (C) Summary: President Yushchenko has begun to respond to attempts by the Yanukovych/Regions team to tip the balance of power in its favor. He has brought in a more professional senior team to the Presidential Secretariat and taken steps to counter policies he does not support. However, the uncertain future of Yushchenko's political force, particularly the People's Union Our Ukraine (PUOU) party, and continued disagreements between the President and Our Ukraine leaders over whether to cooperate with Yanukovych in a broad coalition or go into opposition have undermined and distracted the presidential team. Yushchenko's own indecisiveness, including whether to be an active party leader rather than a nonpartisan president, simply compounds this problem, which was on too evident display October 21 at a truncated party congress, suspended after Yushchenko's opening speech left party leaders uncertain how to proceed.

12. (C) Comment: The October 21 party congress would have been a good time for Yushchenko to exert some leadership over the future direction of his political force, or at least give the party's executive council advance warning of his speech so that they could have tried to work out the disagreements before the congress. Instead, he left after giving his speech, missing the chaos and disgruntled constituents that were caught on camera. Yanukovych's Regions has been persistent and organized in its campaign to nudge the nascent post-constitutional reform political system in its favor; so far, Our Ukraine has done little to effectively counter this dynamic. That First Deputy Presidential Secretariat head Yatsenyuk is now being pushed into the party leadership--Bezsmertniy announced on October 24 that Yatsenyuk would run the working group to develop policy ideas before the resumed congress--even though he is not even fully registered yet as a party member, suggests that Yushchenko is looking for new party leaders who will more effectively support his point of view. End summary and comment.

Gearing for "War"...

13. (C) Yushchenko has strengthened his team in the last five months, appointing competent professionals over party loyalists and close friends. These appointments include Vitaliy Haiduk at the NSDC, Viktor Baloha, Arseniy Yatsenyuk, Viktor Bondar, and Oleksandr Chaliy at the Presidential Secretariat, and Oleksandr Zinchenko as a presidential

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adviser (reftel A). At the same time, Yushchenko removed a number of his "dear friends" (advisors seen by many as corrupt) from his roster of advisers.

¶4. (C) In an October 17 meeting with the Ambassador, Deputy Head of the Presidential Secretariat Yatsenyuk likened the situation between the President and Prime Minister to a cold war arms race, each side equipping themselves with an arsenal of high level advisers. Yatsenyuk added that Yanukovych's people think the PM is the number one person in the country, but he (Yatsenyuk) planned to convince them they were wrong. During an Oct. 18 meeting with Congressional staff members, Oleksandr Sytnyk, the head of the Our Ukraine Rada faction secretariat, used the same military phrasing--that Our

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Ukraine had "an arsenal of weapons" to use against Regions.

¶5. (SBU) After a long period of silence in August and early September, Yushchenko also began to criticize the Cabinet when it diverged from agreed-upon policies or encroached on his constitutionally-prescribed powers. For example, after complaining that the Yanukovych government was dragging out Rada consideration of WTO legislation, Yushchenko introduced WTO legislation on his own on October 19. He also threatened to veto the 2007 budget if the Cabinet and Regions-led Rada majority did not prepare a well-balanced one. Yushchenko responded quickly (and negatively) to Yanukovych's September 14 speech at NATO, in which Yanukovych said Ukraine was not ready for a Membership Action Plan (MAP), a stated goal of Yushchenko's (ref C). Yushchenko blocked an attempt by the Cabinet to insert a Regions' nominee as the head of state arms exporter UkrSpetsExport and may have helped Defense Minister Hrytsenko block another Regions attempt to replace the head of the MOD's department in charge of real estate (ref B).

...But Suffering from Organizational Distress

¶6. (SBU) However, the prematurely truncated PUOU annual party

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congress October 21 underscored everything that seems to be wrong with Yushchenko's team right now. Disorganization, lack of communication and leadership, and last-minute waffling torpedoed the session. Yushchenko kicked off the congress with a speech in which he acknowledged that the party was in crisis and needed a shake-up in leadership; dispelling recent rumors that he would abandon PUOU for a new political force to be formed, he reiterated that PUOU would remain his party base. Yushchenko suggested that the congress might function better in two segments--the first with working groups to develop policy and the second for taking decisions. Party leader Roman Bezsmertniy then stood up and dismissed the congress, calling for it to reconvene in three weeks. The party hall erupted into boos and calls of "shame, shame."

¶7. (SBU) As had happened at a similar critical party congress in November 2005, Yushchenko departed after delivering his speech, missing the subsequent dynamics (in this case, the booing). The party delegates, many of whom had traveled from all over Ukraine to be there, began to chant for Mykola Katerynchuk to speak. Katerynchuk, who is stridently opposed to any deal with Yanukovych and advocates rebuilding the party from the grass roots with Yushchenko as an active party leader, finally got up and calmed the crowd. Afterwards, party staffers and Katerynchuk himself told us that the decision to postpone the congress was a complete surprise. Some speculated that it was a sign of the ongoing debate within the party over whether to go into opposition. Others suggested that it reflected a power struggle for control over the party between Katerynchuk and brand-new party member Yatsenyuk.

Katerynchuk: Force for Reform within OU

¶ 8. (SBU) Katerynchuk suggested to us October 27 that the congress postponement was a result of Yushchenko's frustration with the party's lack of focus on delivering on campaign promises. He acknowledged that there were still differences of opinion over whether to cooperate with Regions or go into opposition, but added that the OU faction in the Rada already decided on opposition regardless of how the party decided. Katerynchuk's vision for the party was to become a center-right opposition party with a well-articulated, pro-European agenda and Yushchenko as an active party leader. He said that he recently visited 15 western and central oblasts and that while Tymoshenko was picking up supporters, the bulk of people were searching for leadership or a party they could support. Katerynchuk acknowledged that his is the minority view of the party's future and Yushchenko's role, but he argued that it is the only way to avoid ceding leadership of the opposition to Tymoshenko. Katerynchuk also said he had no problem with Yatsenyuk moving into a leadership role, because Yushchenko needs a reliable manager running the party.

¶ 9. (C) Note: Katerynchuk is a young, charismatic politician. He spoke with passion for his ideas of a functional Our Ukraine. He has been a vocal advocate of reform both within Our Ukraine and in the country in general, and is outspoken in his opposition to cooperation with Regions. Political insiders continue to speculate as to when Katerynchuk will become fed up with Our Ukraine's internal politics and form his own party. When the disappointed party congress attendees chanted his name, he could have seized the opportunity to increase his personal standing. Instead, both at the congress and at the subsequent meeting with us he appeared steadfastly loyal to Yushchenko as the leader of his party.

Yushchenko's Personality Plays a Role

¶ 10. (C) Comment: Yushchenko's aversion to confrontation may be contributing to his desire to continue negotiations with Regions at a time when his party has decided to go into opposition. Since his time as Prime Minister under Kuchma (1999-2001), Yushchenko has expressed the view that it is better to work within the existing political system than to fight. Baloha echoed this philosophy to the Ambassador on October 17, saying that "a weak peace is better than a good war." Political observers whom we have talked to, however, have criticized Yushchenko since August for not standing up to Yanukovych when their policy views diverged.

¶ 11. (C) A proxy indicator of Yushchenko's intentions vis-a-vis Yanukovych is the possibility of revisiting constitutional reform. Several of the authors of the December 8, 2004 compromise, including former Rada Speaker Lytvyn and former Rada MP and Medvedchuk ally Nestor

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Shufrych, have said that there are sufficient grounds for the Constitutional Court to undo the reforms based on procedural violations. For now, however, Yushchenko seems to still hope that gentlemanly agreements with Yanukovych will be sufficient to hold the current balance of power intact and allow them to cooperate on policymaking, despite the robust institutional jostling in evidence since August.

¶ 12. (U) Visit Embassy Kyiv's classified website:
www.state.sgov.gov/p/eur/kiev.
Taylor